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SUSTAINABLE DEVELOPMENT AND INTERNATIONAL ECONOMIC COOPERATION:
WOMEN IN DEVELOPMENT

Effective mobilization and integration of women in development: gender issues in macroeconomic policy-making and development planning

Report of the Secretary-General

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I. INTRODUCTION

1. Reports on the effective mobilization of women in development have been submitted to the General Assembly, through the Economic and Social Council, regularly on a biennial basis for a number of years, starting at the forty-second session.

2. At that session, by its resolution 42/178 of 11 December 1987, the General Assembly recognized the significant contribution of women to the overall economy and recommended the intensification of efforts to promote the integration of women in development; it also urged Governments to include measures for the involvement of women, both as agents and as beneficiaries, in national development plans, and to review the impact on women of development policies and programmes. Subsequent reports have emphasized coordination of activities of organizations of the United Nations system relating to women in development (A/44/290), the effective mobilization of women in the implementation of the International Development Strategy for the Fourth United Nations Development Decade (A/46/464) and how gender was dealt with in Agenda 21 (A/48/393).

3. The 1994 World Survey on the Role of Women in Development 1/ analysed changes in the role of women in development in the context of global economic restructuring, focusing, among other issues, on the impact of development policies on women. The Second Review and Appraisal of the Implementation of the Nairobi Forward-looking Strategies for the Advancement of Women, in its analysis of factors affecting the implementation of the Strategies, considered a broad range of macroeconomic and international trade polices and their impact on the economic and social status of women.

4. Accordingly, building on the work already undertaken, the present report, the fourth of the biennial reports on the effective mobilization and integration of women in development, focuses on gender issues in entrepreneurship, macroeconomic policy-making and development planning. The choice of this theme reflects the growing recognition in academic circles and among development practitioners of the need to consider gender as a variable in the design of economic policies if their implementation is to produce an outcome that is both efficient and socially desirable.

5. The need for the explicit incorporation of gender issues in the design of economic policies, particularly policies of structural adjustment, has frequently been emphasized in the context of expert group meetings organized by the Division for the Advancement of Women of the Department for Policy Coordination and Sustainable Development 2/ and by various international development institutions. 3/ The growing evidence from analyses that have taken gender into account provides the basis for questioning whether the current economic models that underpin national and international economic policy fully factor in this critical variable. The present report explores the wider question of economic policy from this perspective.

II. ENGENDERING DEVELOPMENT: EVOLUTION OF THE CONCEPT

6. Consideration of the meaning and determinants of development and of development policies has produced a succession of approaches over the past three decades. The early preoccupation of development practitioners with economic growth gave way to strategies to secure basic needs and achieve national self-reliance as development came to be redefined in terms of poverty reduction. The lessons and experience of a decade of structural adjustment precipitated yet another reassessment of what development is all about. The notion of sustainable human development emphasizes the enlargement of the choices and opportunities available to people and views development as a participatory, people-centred and all-inclusive process. The experience of development policies over the past decade gave rise to a new growth theory combining efficiency with equity and providing a framework for analysing endogenous sources of growth. For most of the time, however, the presence of women in distinct parts of economic production was largely overlooked by the prevailing paradigm. That failure limited development efforts and their impact. Economic growth, project efficiency and social justice call for a new approach to development that systematically includes women.

7. Over the last decade, women-in-development issues, previously treated as an adjunct to the main goal of economic development, gradually gained a greater prominence within the development agenda and efforts, however tentative, were made to introduce gender variables into the analysis of variations in economic policy outcomes. The early attempt to "add women as an afterthought" 4/ to the pre-existing model of development gave way to a realization that the success of development itself was highly contingent on women's full participation in it. Numerous studies demonstrated that investment in women was not only a matter of social justice but an integral part of development strategy leading to a more efficient use of resources, economic growth and a sustainable development process. The impermeability of some countries to economic reforms and the disappointing results achieved in others have been linked to a failure to consider the gender dimension of economic adjustment, among other factors.

8. The Third United Nations Development Decade ended with a new awareness of the need to give explicit consideration to the economic and social role of women when planning for development. The earlier model of the "integration" of women in development was subjected to much criticism, particularly as being limited from the perspective of women's strategic gender interest. 5/ As a result, building on what has been achieved so far, the women-in-development approach evolved into the "gender and development" approach, which focuses on gender relations as they constrain or advance efforts to promote economic development and reduce poverty and seeks not only to integrate women into development, but to "look for the potential in development initiative to transform unequal social/gender relations and to empower women". 6/

9. Gender analysis, now widely accepted in the field of development as an analytical framework, seeks to remedy the nearly complete disregard for gender in economic theory and policy-making by stressing the gender dimension of micro- and macroeconomic policies and the need to include gender as a variable in economic policy-making and development planning. A corollary of the gender approach is that there is not a self-contained set of "women's issues". It is

rather the case that there are many issues concerning economic transformation, the allocation of resources, savings, investment, growth, human capital formation, poverty, the labour market, inequality and the role of the State that could be better understood if disaggregation by sex took place at the outset of conceptualization and formulation of policies instead of passing references to women in an otherwise unaltered analysis.

10. Although recognized by national and international development agencies as well as in academic circles, the gender aspect of economic policy-making has not been used as a planning and policy-making tool and there is no "sustainable dialogue between planners and those within the research community who might help them towards a gender analysis". 7/ To bridge this gap, it is necessary to bring the tools of economic analysis together with gender realities so that the gender dimension can be included in policy formulation and analysis.

III. WOMEN'S ACCESS TO PRODUCTIVE EMPLOYMENT AND ENTREPRENEURSHIP

11. Sustainable development requires a dynamic equilibrium of human and natural resources. Given women's role in both production and social reproduction, sustainable development is, by definition, a process where women's role is central. During the United Nations Decade for Women and following the adoption of the Nairobi Forward-looking Strategies, the centrality of women's role to development found recognition in numerous policies and programmes adopted by Governments and international development and finance institutions to enhance women's integration in development. Those efforts, however, focused primarily on the effects of development on women, including reinforcement of discrimination, neglecting to some extent their role as an underutilized economic resource that affects allocative and production efficiency. Although considerable progress has been achieved in access to education and health services, less has been accomplished in other areas, and improvements in educational attainments and greater access to paid employment have not always been translated into greater economic autonomy and advancement.

12. Two issues should be considered of growing importance in the formulation of gender-sensitive economic policies: women's increasing access to productive employment, especially in growth sectors; and women's growing roles as entrepreneurs.

A. Women in the labour market

13. Women play an important economic role in societies throughout the world, providing a substantial contribution to national income and development. In the past 20 years, new patterns in the economic participation of women have emerged. Their participation rates and labour force attachment have been growing steadily, and some estimates suggest that they will approximate those of men by the year 2000 in most industrialized economies and in some developing countries. 8/

14. In the past 20 years women have been entering the labour market in increasing numbers and their average share in the labour force has increased significantly in all regions except sub-Saharan Africa and Central Asia. Economic activity rates for women are on the rise everywhere, while those for men are declining. Most labour economists agree that the rise in female labour-force participation rates is a secular and international phenomenon. While previously noted trends showed that women were concentrated in a limited number of sectors or in lower-paid and less stable employment, those sectors have shown the greatest dynamism in the context of global restructuring, suggesting that many assumptions about the role of women in the labour market will have to be reconsidered.

15. Demographic developments, economic necessity and changes in employment patterns and labour demand have been the forces behind the great influx of women into the formal job market. Today, in developing countries, women account for 31 per cent of the labour force (see table 1). National reports from industrialized countries indicate that in those countries women constitute approximately half of the labour force. The increase has been particularly dramatic in the past 20 years: in Portugal, for example, the female labour force grew from 21.3 to 43.7 per cent in the period 1970-1990. 9/

Table 1. Economic activity rates, by sex: 1970-1990

(Percentage)

	1970		1980		1990	
	Women	Men	Women	Men	Women	Men
Developed regions						
Eastern Europe	56	79	56	77	58	74
Western Europe	37	78	42	75	51	72
Developing regions	40	81	46	78	54	75
Africa						
Northern	8	82	12	79	21	75
Africa						
Sub-Saharan	57	90	54	89	53	83
Latin America and the Caribbean						
Latin America	22	85	25	82	34	82
Caribbean	38	81	42	77	49	72
Asia and the Pacific						
Eastern Asia	57	86	58	83	56	80
Southern Asia	25	88	24	85	44	78
Central Asia	55	76	56	77	58	79
Western Asia	22	83	26	81	30	77
Oceania	47	88	46	86	48	76

Source: The World's Women, 1995: Trends and Statistics (United Nations publication, Sales No. E.95.XVII.2).

16. The new opportunities embodied in rising rates of economic activity should provide women with the resources necessary for greater economic autonomy and self-reliance. However, women's share in unemployment often exceeds their share in the labour force in most developing countries, in economies in transition (where they account for the greater share of the unemployed), and in some industrialized countries where comparative statistics are available (table 2). To some extent, the increased share of women in economic activity, as for example in Eastern Europe, can be misleading as an indicator of growing economic autonomy, given the fact that unemployment is heavily skewed towards young female school-leavers entering the labour force. In Poland, almost 60 per cent of all unemployed school-leavers in 1990 were women.

Table 2. Female share in the unemployed and economically active populations: selected countries or territories, 1975-1991/92

(Percentage)

	1975		1985		1991/92	
	Unemployed	Economically active	Unemployed	Economically active	Unemployed	Economically active
Developing countries						
Barbados	57.1	43.3	59.4	47.2	64.5	48.3
Brazil	28.3	24.4	33.8	27.2	33.2	35.2
Chile	35.2	24.8	30.8	28.0	31.2	31.0
Costa Rica	38.3	19.7	30.1	21.6	36.0	29.8
Ghana	21.5	41.9	30.7	40.6	10.0	..
Jamaica	67.2	44.6	66.2	45.8	68.3	46.5
Panama	45.6	25.8	47.1	26.7	50.1	29.2
Puerto Rico	25.5	28.3	26.1	29.4	29.6	37.6
Republic of Korea	22.5	33.3	22.8	34.0	29.5	40.0
Syrian Arab Republic	9.2	13.2	25.5	16.0	37.5	18.0
Thailand	38.5	47.1	60.8	45.9	51.0	47.1
Trinidad and Tobago	37.5	27.8	36.3	29.7	45.5	33.8
Venezuela	22.1	23.3	25.0	26.7	34.7	30.9
Industrialized countries						
Austria	54.1	39.6	39.6	40.2	45.1	41.0
Belgium	54.1	32.2	55.9	33.8	61.7	41.3
Denmark	31.9	40.0	55.6	44.2	49.4	46.5
Finland	34.8	45.0	46.6	46.6	38.6	47.0
France	56.6	37.7	53.8	39.6	54.1	43.8
Germany	42.0	37.2	44.1	37.7	52.2	38.5
Greece	34.6	25.9	42.5	26.4	61.9	36.8
Italy	54.6	30.1	57.4	31.7	58.0	37.1
Netherlands	21.7	28.6	34.6	31.0	55.9	39.7
Norway	47.5	35.0	54.9	40.5	41.1	45.2
Portugal	44.8	30.9	56.9	24.1	61.1	42.3
Switzerland	23.3	35.3	45.9	36.7	42.9	44.2
Turkey	11.4	36.5	16.4	34.0	26.9	31.4
United Kingdom	18.7	37.1	31.2	38.7	26.2	43.3
United States	44.0	39.1	45.6	41.5	42.8	45.1

Source: International Labour Office, Year Book of Labour Statistics, 1985 and 1990.

17. It should also be noted that many economically active women are underemployed. In developing countries, underemployment of female labour is characterized by low and/or declining marginal productivity and seasonal employment. The structural underemployment of women inherited from centrally planned economic systems has been perpetuated in unemployment among women with higher and specialized education and lack of opportunity to re-enter the labour force at a level corresponding to their education and experience. This has been further exacerbated by such widespread practices as mandatory part-time work, extended child-care leave and administrative leave and early-retirement policies instituted by enterprises undergoing downsizing and restructuring.

18. The International Labour Organization (ILO) defines the underemployed as those who would like additional work, who work for low wages or whose skills are underutilized. 10/ According to this definition, underemployment is currently a characteristic of the female labour force in the industrialized countries, where, in the context of the deregulation of factor and product markets and in response to growing unemployment, job creation has been geared towards part-time, temporary and casual work. Current data indicate that, as the percentage of households headed by women has steadily increased, more and more women have been seeking full-time paid work but have ended up in only part-time jobs 11/ (see table 3).

Table 3. Women's share in part-time employment: selected OECD economies, 1979-1992

(Percentage)

	1979	1983	1990	1991	1992
Austria	87.8	88.4	89.1	89.7	..
Belgium	88.9	84.0	88.6	89.3	..
Canada	72.1	71.3	71.0	70.5	70.0
Denmark	86.9	84.7	75.7	75.5	..
France	82.2	84.4	83.6	83.7	83.7
Germany	91.6	91.9	89.7	89.6	..
Italy	61.4	64.8	67.2	65.4	67.9
Japan	70.1	72.8	70.7	69.9	69.3
United Kingdom	92.8	89.8	86.2	86.1	85.4
United States	68.0	66.8	67.6	67.2	66.4

Source: Organisation for Economic Cooperation and Development, Employment Outlook, July 1993.

19. The steadily rising rates of economic participation, however, do not reveal the full extent of women's contribution to development because they do not fully recognize work done at home and outside the formal economy. Nor does the income women receive provide a full measure of their contribution to the economy. Some advances have been made in the area of wage equity over the past 40 years, but progress varies between regions and age groups. While in some industrialized economies the earnings of young women have almost reached parity with those of men of the same age, 12/ women's earnings in most of the developing world continue to fall short of men's. 13/ The wage differential is particularly significant in the developing countries and in those industrializing countries where labour standards were allowed to deteriorate under the pressure to compete successfully in the world market for manufactured goods and to attract foreign investment (see table 4). Women's wages in manufacturing are lower in most countries. In Japan, for example, women in manufacturing typically earn only 40 per cent of the wage earned by men.

Table 4. Women's wages as a percentage of men's wages, by region, 1970-1990

	Agriculture			Non-agriculture			Manufacturing		
	1970	1980	1990	1970	1980	1990	1970	1980	1990
Africa									
Mean	70.00	58.51	69.21	61.46	81.79	89.43	63.50	60.00	73.25
Maximum	75.00	67.52	83.63	61.46	114.00	113.50	63.50	62.00	97.00
Minimum	65.00	49.00	55.00	61.46	64.30	73.00	63.50	55.00	49.00
Latin America and the Caribbean									
Mean	77.00	67.55	87.58	..	74.52	68.86	32.00	70.25	74.75
Maximum	83.00	78.11	98.21	..	81.24	75.97	82.00	81.00	94.00
Minimum	70.00	52.16	74.81	..	69.97	64.62	82.00	51.00	65.00
Western Europe and other States									
Mean	81.70	80.31	85.17	68.84	77.16	78.35	66.04	75.00	74.64
Maximum	111.00	98.00	98.55	86.93	87.43	90.80	80.00	90.00	89.00
Minimum	56.00	63.12	64.45	57.53	64.69	65.15	55.00	61.00	59.00
Asia and the Pacific									
Mean	74.00	78.57	79.31	91.51	69.78	68.22	60.00	44.00	41.00
Maximum	90.00	91.55	92.20	91.51	101.53	89.80	84.00	86.00	97.00
Minimum	48.00	57.15	60.76	91.51	44.40	49.61	60.00	44.00	41.00
Eastern Europe									
Mean	73.00	..	74.00	69.18	70.40	75.39	68.80	69.67	72.75
Maximum	73.00	..	74.00	69.18	72.39	82.00	69.60	73.00	78.00
Minimum	73.00	..	74.00	69.18	68.41	71.00	68.00	68.00	68.00

Source: Women's Indicators and Statistics Database (Wistat), version 3, CD-ROM (United Nations publication, Sales No. E.95.XVII.6).

20. Empirical research has shown that 40 to 80 per cent of the differential in the average hourly pay for men and women in many developing and some developed economies can be ascribed to discrimination, so that productivity-related characteristics and differences in human capital are responsible for the remaining differential. However, earnings discrimination is perhaps a less important aspect of labour-market gender discrimination. More important is access to and participation in markets. Studies in rural development in Africa have demonstrated that women sometimes face extreme discrimination in access to non-farm wage employment, which is largely determined by education, wage and sex. While men with a secondary education had a 0.75 per cent probability of employment, women with the same education and age characteristics had only half that probability. 14/ Employment prospects for women with primary education or less were only a fraction of those for men, suggesting that discrimination may apply differently at different levels of education. 15/

21. The distribution of the female labour force continues to show a high concentration in a single sector while the male labour force is more evenly distributed. 16/ Other than in sub-Saharan Africa and Southern Asia, where women are concentrated in agriculture, services tend to provide most of the jobs that go to women. The services sector has now become "feminized" in most countries. Women's employment is concentrated in public services, teaching, administrative and commercial enterprises and domestic services, in which women often account for 90 per cent of employees. Industry remains a modest source of employment for women, except in Eastern Europe and Southern and Eastern Asia, where, in some countries, women account for the greater proportion of the labour force in export industries.

22. There have been trends over the past decade towards a reduction in occupational segregation by sex as women in some countries have entered higher-level professional jobs. But at the same time the share of women's employment in "feminized" occupations has increased, thereby reinforcing gender differences by employment sector at the bottom of the labour market. 17/ To some extent, a marked shift towards services, which now account for some 65 per cent of GDP and for between 50 and 70 per cent of all jobs in the industrialized countries, has served to increase the importance of women's employment since women now account for 55 to 80 per cent of employment in the services sector. In the economies in transition, where gender segregation in the labour market is more marked than in other industrialized economies, structural changes in the economy and privatization have caused a redistribution of female employment in the services sector from the sectors that have become more prestigious in terms of pay and status, like insurance and banking, to the sectors with an already high concentration of women employees and a low return on their labour, like education, nursing and social care.

23. In the developing economies the direction of segregation of female labour is similar to that in the industrialized economies, and women are underrepresented in the higher-paid professions and occupations and overrepresented in low-pay and low-status occupations. The adjustment-related labour shedding in the public sector in the past decade has to some extent reinforced this segregation pattern as the female labour made redundant moved into the already overcrowded flexible-entry sectors, such as the informal sector and services, which did not happen in the case of men.

24. Other trends in female employment in developing countries include the growth of female industrial employment in the context of the growth of export-oriented manufacturing and a partial reversal of the job-related migration pattern of the 1970s, as demand restraint and trade liberalization policies drastically curtailed the availability of jobs in urban areas and reduced real incomes. Despite rising agricultural prices and agricultural wage rates, women in developing countries have not been able to benefit fully from these developments owing to constraints on the reallocation of their labour and the persistence of limited access to land, credit and extension services.

25. Women the world over are currently employed at a higher rate than men in sectors which ignite economic growth and promote innovation and social change. There appears to be a positive correlation between the importance of the sector in terms of its share of GDP and the concentration of female labour. The same is true in terms of the growth potential of a sector and women's representation in its labour force, that is to say that women are concentrated in the fastest-growing sectors of the economy and the fastest-growing occupations. Of the 20 occupations that will generate the greatest number of new jobs by the year 2005, the majority are in services and belong to the heavily feminized category. 18/ Trends in the labour force participation of women together with patterns of global economic restructuring and transformation suggest that in the future more women will emerge as workers and entrepreneurs. "What women want from their jobs has meshed much better with the needs of the market-place than what men want. Their prospective success should make everyone more optimistic about economic growth." 19/

26. Taking account of this new trend in the global economy would seem to be important in formulating employment policies to maximize growth.

B. Entrepreneurship

27. In recent years there has been a reversal of an earlier trend towards diminishing self-employment among women, and it has been estimated that by the end of the 1980s the rate of growth of women's self-employment exceeded that of their overall employment. 20/ Data from the Women's Indicators and Statistics Database (Wistat) show that the ratio of women to men among employers and own-account workers has increased in almost all regions in the past 20 years.

28. As women have gained a major place for themselves in the labour market and greater access to productive resources, it has become increasingly irrelevant and unrealistic to continue to rely on the marginalization approach as a premise for the analysis of women in development. According to the 1994 World Survey on the Role of Women in Development, women's enterprises account for a significant share - in some cases as large as 40 per cent - of the newly-created businesses. In the United States, the rate of growth of businesses owned by women was four times the overall growth rate of new businesses between 1982 and 1987 (see table 5). There are at least 6.5 million women business owners in the United States according to the latest estimates by the National Foundation for Women Business Owners. In 1992, businesses owned by women employed more people than all the Fortune 500 companies combined. 21/ Women entrepreneurs represent a

rising force that holds great promise for development. Their impact is based on the role entrepreneurship plays in long-term economic growth, on the special role small- and medium-sized enterprises and the informal sector (where women's businesses are concentrated) play in economic development, and on the major social benefits associated with the greater economic autonomy and access to markets and decision-making that are inevitably linked to women's access to and ability to command resources.

Table 5. Women-owned businesses as a percentage of all United States firms and receipts, 1987

	Women-owned firms, 1987	Percentage change 1982-1987	Women-owned firm receipts
All industries	30.40	57.50	13.94
Agricultural services	13.44	146.20	9.39
Mining	21.82	33.30	12.82
Construction	5.71	63.00	8.74
Manufacturing	21.70	109.40	13.63
Transportation, communication and public utilities	13.46	105.10	14.32
Wholesale trade	18.79	157.00	14.32
Retail trade	35.63	26.50	15.68
Finance, insurance and real estate	35.64	77.50	14.42
Services	38.21	76.60	14.65
Unclassified industries	26.58	-21.60	12.43

Source: United States Department of Commerce, 1987 Economic Censuses: Women-Owned Business (Bureau of the Census, 1990).

29. Comparative studies of economic development suggest that, as industrialization progresses, the importance for economic growth of entrepreneurship and innovation increases relative to that of capital and labour. Entrepreneurial activity improves allocative efficiency and reduces X-inefficiency. 22/ It promotes international technology transfer, thereby facilitating economic growth, restructuring and development. In fact, entrepreneurship is regarded as a fourth factor of production that is particularly crucial for long-term growth and development: studies of long-term growth have shown that the residual that is unexplained by change in the stock of capital and labour is responsible for some 50 per cent of variations in economic growth. 23/ This "residual" growth is fuelled by the introduction of

"new combinations" of means of production and technological progress, both of which can be directly attributed to entrepreneurship.

30. The development experience of the past decade has shown that development strategies emphasizing import substitution and central planning have prompted a greater interest by Governments and international development institutions in small-scale economic activities and a participatory economic development process. Owing to the importance of women's incomes to both national productivity and individual and family welfare, as well as the significance of the role of the informal sector in poverty reduction, Governments and donor agencies are funding an increasing number of programmes in developing countries targeted at female microentrepreneurs. 24/ Such programmes aim at reducing the vulnerability of women working in the informal sector by assuring them access to credit, better working conditions and appropriate technology, training and infrastructural support, as well as helping them with marketing. 25/

31. In the economies undergoing structural adjustment and economic transition, entrepreneurship, with its growing female component, is playing a key role in the success of policy reforms that aim at creating a foundation for long-term sustainable growth. While stabilization policies of demand restraint are designed to put a floor under a downward spiral in key economic indicators and are critical for the resumption of growth, long-term sustained economic development requires an improvement in the economy's productive capacity that can only be accomplished by active policies on the supply side. Such policies aim at the realignment of relative prices, exchange rate competitiveness and the liberalization of trade and markets but are not necessarily sufficient to ensure the appropriate supply-side responses needed for structural change. Rather, they create conditions for the emergence of productive entrepreneurship, which is the ultimate force behind the introduction of new know-how and the attainment of the greater allocative and organizational efficiency of markets. In developed and developing economies, the loci of entrepreneurship tend to reside with the activities of small and medium enterprises in the formal sector; in the case of the latter, mostly in the informal sector.

32. In developing countries, formal-sector enterprises represent only a fraction of all small-scale enterprises. The bulk of small-scale production appears to take place in informal-sector enterprises with fewer than 10 workers. The average size of an enterprise in Sierra Leone, for example, is 1.9 persons; in Bangladesh it is fewer than three persons. The importance of the informal sector is overwhelming, especially in sub-Saharan Africa, where the great majority of least-developed countries are to be found. It has been estimated that over 90 per cent of new jobs in urban areas in this region in the 1990s will be created in that sector. An assessment of informal microenterprises in Ecuador has found that they play a key role in generating urban employment and that the microenterprise sector accounts for about two thirds of the labour employed in the private sector. 26/

33. Outside the agricultural sector, women's businesses in developing countries tend to be concentrated in the small and medium enterprises, often in the informal sector, that developed rapidly in those countries in the 1970s and 1980s as a result of rapid urbanization and, to some extent, the diversion of resources from the formal economy caused by acute economic distortions and

excessive government regulation. By and large, informal-sector enterprises emerge to fill gaps in demand for goods and services that are not effectively captured by the modern formal sector. In Latin America and sub-Saharan Africa, women's share in the informal sector exceeds that in the total labour force, and economically active women are more likely than men to be in this sector. 27/ A number of sources indicate that women own and/or operate about one third of all informal businesses. 28/ As small-scale entrepreneurs, women operate businesses in craft production, carpet weaving, pottery making, food processing and the brewing of beer and in trade and street vending. Data suggest, however, that women are found in the informal sector more often than men because of lack of opportunity or other obstacles to wage employment.

34. The expansion of small and medium enterprises in the past decade can be traced to the restructuring of the global economy, globalization and the flexibilization of production and, consequently, to the growth of industrial outwork, subcontracting and home-based production. While their role as business owners in the formal sector in developing countries is often negligible, women account for 43 per cent of small-business owners in Egypt, 49 per cent in Jamaica, 37 per cent in Thailand, and 61 per cent in Honduras. In Zambia, 60 per cent of rural non-farm enterprises are owned by women and, in Zimbabwe, 62 per cent of rural non-farm enterprises and 77 per cent of urban non-farm enterprises have female proprietorship. 29/ But the growth in self-employment among women in developing countries and the economies in transition is largely a "supply driven" phenomenon, rooted to a greater extent in the need for survival and in economic necessity than in attractive market opportunities. Women's remuneration also remains lower than that of men: "data gathered on Latin America and Africa show that women's informal businesses have lower revenues, lower asset bases, and smaller profit margins than men's; in Peru, for example, women's business assets are just one half those of men". 30/

35. From the perspective of the characteristics of the sector, women-owned small business is a vital component of successful economic restructuring and adjustment. It is an important source of efficiency, growth and economic and political decentralization, which contributes to economic welfare and development. It is also a powerful tool of low-cost job creation, and this is particularly important during periods of stabilization and structural adjustment and as a component of development strategy in economies with a relatively high labour endowment. In addition to employment generation, small and medium enterprises create a positive economy-wide externality by providing on-the-job training for semi-skilled workers, many of whom are women. Increasing concern for the environmental sustainability of development again points to small enterprises as a hopeful solution, since their scale of operation and labour-intensive technologies put less strain on the environment.

36. The literature on entrepreneurship distinguishes between productive, unproductive and destructive entrepreneurship and between entrepreneurial activities and rent-seeking activities, which are of questionable value to society as a whole. Research shows that the welfare of society is much more likely to be affected by the direction of entrepreneurial activities than by the number of persons who carry them out. In that sense, it can be argued that the marginal social product associated with women-owned and/or operated businesses exceeds the marginal private product, owing to the externalities resulting from

the economic empowerment of women and to a tendency towards productive activities rather than rent-seeking or arbitrage because of greater fiscal constraints facing women entrepreneurs and because they are poorly placed in society to lobby for political patronage.

37. Women, particularly in developing economies and economies in transition, are often driven to self-employment as a result of worsening economic conditions. It is sometimes argued that their businesses are better characterized as income-generating rather than entrepreneurial in the classical, Schumpeterian sense of the concept. On this count, several observations are in order. Innovative entrepreneurship requires a complex infrastructure and developed markets that are unlikely to exist in developing countries or in most of the economies in transition. The concept of innovative entrepreneurship is therefore too narrow a criterion for dividing women's individual economic activity into an entrepreneurial category and a merely income-generating category. Women's entrepreneurial businesses in developing economies fulfil an important market-making function, often operating where markets do not exist or are segmented and do not operate perfectly. Their entrepreneurial skills therefore affect the effectiveness of markets and enhance allocative efficiency.

38. Between the very broad and very narrow definitions of entrepreneurship there remains a large area that includes not only innovativeness in the use and combination of existing resources but also management, leadership and marketing. From the managerial perspective, women-managed businesses are inherently entrepreneurial, because women's managerial style differs qualitatively from that of men and the practices followed in women-managed enterprises are beginning to change how business institutions are run. 31/ They also challenge the social attitudes and expectations about gender behaviour that determine the parameters of the participation of women and men in economic and political decision-making. The resulting change in the gender system - the way our culture determines what is "male" and what is "female" - contributes to both the greater economic efficiency and greater equity of the development process.

39. Studies have shown that entrepreneurial activities help women towards social and economic empowerment. As women's incomes rise, their control over productive resources, including their own labour, increases. They acquire a greater voice in decision-making at all levels, starting with the household and extending to the economic and political domains. Other benefits include a lower incidence of malnutrition and disease among their families and more education for their children, as well as a reduction in violence directed towards women.

40. In industrialized market economies a desire to secure economic autonomy and to escape from male domination are most frequently cited by women as reasons for starting their own businesses. Women microentrepreneurs in developing economies chose own-account economic activity because of the lower barriers to entry into small-scale entrepreneurship and constraints on their access to the labour market. In both developed and developing countries, poor access to credit is the most frequently mentioned obstacle to the launching and expansion of women-owned businesses. Although formal capital markets are legally open to women, financial resources are largely unavailable to them owing to many factors inherent in tradition and society. Factors limiting women's access to formal credit markets are related to institutional requirements, to cultural and social

norms and to the type of productive activities in which women's businesses predominate.

41. Credit is either unavailable or very limited for small entrepreneurs, and for women in particular, because they usually do not own marketable land rights and hence have no collateral. From the point of view of commercial credit institutions in developing countries, lending to small enterprises is not a very attractive option for diversifying their loan portfolios, and there are sound reasons for this. In developing countries, where inflation rates are high, credit rationing and fixed interest rates favour large loans because of lower administrative costs. As a result, formal credit institutions prefer to work with large and less risky customers. Women microentrepreneurs often lack real assets and creditworthiness and are unfamiliar with the accounting practices that commercial banks require. In Kenya, for example, banks still require land certificates to be presented with applications for credit. 32/ Also, in some countries, financial institutions permit only one loan per household. As a result, women's participation in formal small-scale enterprise lending programmes rarely exceeds 20 per cent and can be as low as 16 per cent. 33/

42. Evidence from banks that have been lending to the poor and to low-income women entrepreneurs shows that the higher unit cost of small-scale lending may not inhibit commercial lending to microenterprises if financial infrastructure is sufficiently developed and diversified. Thus, there may be a case, based on the long-term social opportunity costs, for applying the infant-industry argument to subsidies to innovative credit schemes for women entrepreneurs, the infant industry in this case being financial services. Lately, however, it has been argued that highly subsidized interest rates on loans given to the poor are dysfunctional, and credit programmes are increasingly being designed to be self-sustaining in accordance with the revolving fund concept, whereby deposits are mobilized and funds are made available on a continuing basis to participants at market rates of interest. 34/ Despite the 95 to 97 per cent recovery rate on loans to women entrepreneurs (see table 6), their access to credit remains limited and appears to be in decline in some countries. 35/

43. The evidence frequently used in the literature on women microentrepreneurs to demonstrate the financial constraints faced by women-owned businesses is often interpreted too easily as a loan-supply problem, overlooking the possibility that the observed lack of participation by women in formal credit markets might be caused by a lack of demand for credit or possibly access to informal sources of credit, even though most women microentrepreneurs report a need for credit. 36/ Studies have revealed that for the majority of women in developing countries formal credit institutions may not be a satisfactory source of financial resources owing to the high opportunity cost of applying for credit and the high transaction costs they face in the credit market. Other factors that act as a constraint on the demand for credit by low-income women entrepreneurs include the remote location of financial institutions, complicated procedures for loan application and poor understanding of financial rules and regulations.

Table 6. Business credit to women, 1993

Institutions by type	Women clients (Percentage of total)	Repayment rate (Percentage)
Commercial bank programmes		
Indonesia Bank Rakyat (BRI)/ KUPEDES Programme	23	98
Bank Pembanguran Daerah (BPD)/ Baden Kredit Kecamatan Programme, Indonesia	60	80
Poverty-lending banks		
Grameen Bank, Bangladesh	94	87
Self Employment Women's Association (SEWA) Cooperative Bank, India	100	97
Banco Solidario (BancoSol), Bolivia (commercial bank)	7	98
National boards		
National Board for Small Scale Industries, Ghana: Credit Scheme for Small Enterprises	43	72
Enhancing Opportunities for Women in Development (ENOWID)	100	95
Non-governmental organizations		
Asociación Dominicana para el Desarrollo de la Mujer (ADOPEM), Dominican Republic	100	95
Kenya Rural Enterprise Programme (KREP)	63	95
Credit Union Association, Ghana	30	..
Affiliate network institutions		
FINCA International, Washington, D.C.	96	97
ACCION International, Washington, D.C.	54	95
Friends of Women's World Banking/India	100	95
Women's World Banking Ghana Limited	..	88
Women's World Banking New York	97	96

Source: The World's Women, 1995; national report of Ghana, 1994.

44. It has recently been emphasized that current models of the demand for credit by women entrepreneurs do not reflect the risk involved in indebtedness. 37/ It has also been noted that high interest rates put most women off, and that, in their view, their small business is not enough to push them into such debt to risk the security of their children and families. 38/ Low-income women farmers in sub-Saharan Africa, many of whom are just emerging from a subsistence life-style, have been reluctant to take advantage of the increased availability of credit to them because of their low cash incomes and a general aversion to risk. In this respect, it has been argued that greater availability of credit to rural women farmers should not be viewed as a perfect substitute for subsidizing production inputs when designing programmes directed at raising the productivity of rural women. 39/

45. The study of Ecuadorian microenterprises already referred to has shown, however, that women entrepreneurs are as likely to apply for loans as their male counterparts: in the statistical sample used by the study, women represented a higher proportion of those entrepreneurs who applied for loans. 40/ The study showed that women borrowers were subject to rationing of loan size; that is, they were granted loans in amounts smaller than requested. Discrimination against women entrepreneurs in terms of the size of the loan rather than the number of loans granted suggests that, to be successful in borrowing, female entrepreneurs need to establish their creditworthiness in order to provide the information, which, if lacking, allows lenders to resort to non-price mechanisms of loan-rationing.

46. Given the problem of inadequate information that is inherent in credit-allocation decision-making, redirecting public credit to women as a target group is only a partial solution to their poor access to loanable funds. To make financial assets more accessible to women, it is important to encourage and facilitate their greater reliance on the savings market. Greater access by women to the savings market contributes to the development of female entrepreneurship on several fronts. Savings can finance long-term investment in sectors where women's enterprises predominate, thereby rectifying a current misallocation of capital and increasing the aggregate savings rate. Also, the accumulation of assets facilitates access to formal credit and improves creditworthiness. For reasons already mentioned, the credit market is intrinsically male-biased, whereas women's predominance in the informal savings market suggests that the savings market is likely to be gender-neutral. 41/ Greater efficiency will, however, be required of financial systems in dealing with small transactions and assisting women entrepreneurs in building long-term working relations with financial institutions.

47. The overwhelming emphasis in the past on the credit side rather than on the savings side of the market in the context of programmes targeting women entrepreneurs has left savings institutions underdeveloped and inaccessible to women. National reports indicate that the rate and pattern of savings differ significantly between women and men. A survey in a rural district of Namibia 42/ found that only 45 per cent of households headed by women had savings as compared to 73 per cent of households headed by men. Women saved annually only 23 per cent of the amount saved by men and usually kept their savings at home. The design of savings schemes attractive to women should

therefore be a priority in the formulation of programmes directed at facilitating women's access to financial resources.

48. Other obstacles to the development of businesses owned by women include an adverse economic and regulatory environment, inadequate physical infrastructure and marketing, poor access to new technology, and a lack of vocational and managerial training. Rigid social and cultural norms and lack of sharing of domestic responsibilities exacerbate the problems women face when operating businesses.

IV. GENDER IN MODELS OF DEVELOPMENT ECONOMICS

49. A broad consensus has emerged in the field of development on the importance of greater attention to the situation of women if elimination of absolute poverty is to be achieved and economic growth is to become sustainable. Research has shown that investing in women promotes growth and efficiency, reduces poverty, helps future generations and promotes development. The analysis in the preceding section of two gender-related aspects of economic growth demonstrates the need to consider gender factors in policy-making. Yet discussions of gender have continued to be removed from mainstream economic and development policy-making in terms of both the focus and place of analysis. Reports on women in development continue to focus on the welfare impact of development policies on women, while little or no attention is paid to the effects of gender relations on the outcomes of economic policies. Women-in-development and, lately, gender-in-development issues remain sidelined in special reports or special policy initiatives, rather than being given systematic consideration when policies and programmes for structural change are being formulated. The contention of the present report is that, without explicit consideration of gender in policy formulation, certain significant costs of economic inefficiency and resource misallocation are likely to persist, with a consequent reduction in growth and in social equity.

50. There is a reciprocal relationship between gender and development: development strategies and the economic policies pursued in the context of those strategies have a gender-specific impact; and gender differences in access to productive resources, factor markets, income and allocation of income have an impact on the efficiency and sustainability of economic policy outcomes. While the impact of development policies on women is a well-documented and widely addressed issue in the literature on women and development, the significance of gender for economic policy-making has received, as yet, far less attention. Economic analysis that is gender-aware has the potential to promote a better understanding of development and to facilitate the formulation of the policies required for its sustainability.

A. Gender in neoclassical development economics

51. In the early literature on women in development it was argued extensively that women become marginalized as, in the course of development, their household-based subsistence activities become increasingly subsumed into wider, market-based activities. Economic marginalization sets in motion what can be

termed a "vicious circle of inequality", as a lack of participation in development leads to an unequal share of the benefits of development and that in turn reduces women's competitiveness in the job market. This approach suggests that economic development is "bad" for women because it sharpens gender inequalities and worsens the burden on women of unpaid and unrecognized work. The standard prescription has been to increase investment in women's human capital to reduce the discrimination women face in the labour market.

52. In the field of development economics, gender is not integrated into macroeconomic development modelling and its treatment is often limited to a few passing references to the impact of development on women. According to Nobel laureate W. Arthur Lewis, the author of a well-known structural change model, women benefit from growth even more than men: "woman gains freedom from drudgery, is emancipated from the seclusion of the household, and gains at last the chance to be a full human being, exercising her mind and her talents in the same way as men". 43/ Structural change models completely omit gender from the analysis of the reallocation of labour from the subsistence sector with zero or declining marginal product of labour to the high-productivity modern industrial sector. These models treat labour supply as infinite and the reallocation of labour surplus as occurring smoothly, unhindered by the sexual division of labour and social practices. In real life, however, productivity, wage differentials and changes in relative prices do not always provide a sufficient inducement for the intersectoral transfer of at least 50 per cent of the labour force.

B. Gender and the structuralist perspective in development economics

53. Although structuralists disagree with neoclassical economists on the extent to which changes in relative prices can precipitate supply response in developing economies, they do not include gender among the "bottlenecks" that have a potential to inhibit such a response. The structuralist approach to stabilization policies points, inter alia, to the redistribution of income from labour to capital as the hidden equilibrating factor between supply and demand, but no attention is paid to the fact that labour is gendered and that income distribution occurs along gender lines, often leaving women worse off relative to men, as suggested by the ample research on the allocation of household income and household expenditure patterns. The equilibrating factor, in this case, lies in the implicit assumption of the infinite elasticity of female labour and income to absorb the shocks of stabilization and compensate for any shortfall in household income. 44/

54. Another point of structuralist criticism of neoclassical economics is the assumption of the infinite elasticity of the supply of agricultural and primary product exports in response to devaluation-induced changes in relative prices. Although sceptical of this assumption, the structuralist approach does not consider the sexual division of labour in the agricultural sector as a factor limiting supply response. However, the literature on structural adjustment and rural women provides abundant examples of how women's unwillingness and/or inability to sacrifice time and land to the production of cash crops at the expense of traditional food crops limits the response of supply to changes in

price signals. Furthermore, it has also been suggested that the low substitutability of male labour for female labour reduces the ability of men to reallocate their labour in accordance with changes in market opportunities. 45/ This has important effects on the welfare of the household and the economic outcomes of adjustment. Hence, the failure to account for the gender aspects of resource reallocation in response to price signals may cause a sub-optimal policy outcome and worsen gender inequality, which in turn poses a threat to the sustainability of economic reforms.

C. Gender and outward-oriented development

55. It is generally agreed among mainstream economists that outward orientation in economic development has been the single most important factor responsible for rapid economic development and the reduction of inequality in the first and second generations of the newly industrialized economies and the other developing economies that have opened their economies to trade in the past decade. Policies of trade liberalization bring domestic resource allocation closer to international opportunity costs and shape their production structures in accordance with comparative advantage. Outward orientation in development policy renders interference by Governments with trade and the economy obsolete and replaces it with the policies of better governance that have been identified as those most conducive to growth, economic stability and poverty reduction. Looked at from a gender perspective, the long list of virtues of outward orientation can be expanded by the addition of the positive impact it has had on women's economic participation. Trade expansion has clearly benefited women's access to paid employment in many developing countries, albeit with some qualifications. But in the context of ongoing globalization and the introduction of new technologies and the ever-changing organization of production, the employment benefits accruing to women thus far from the liberalization of trade may be short-lived unless technological upgrading is matched by an upgrading of skills and better education for female workers.

56. Even a casual examination of employment trends, economic growth rates and the expansion of exports as a share of GDP suggests a relationship between these three factors. Empirical analyses confirm that there is a strong causal relationship between the expansion of female employment, particularly in labour-intensive light manufacturing, and patterns and the rates of export growth. Those developing countries that export an increasing proportion of their manufacturing output to the North tend to show a rise in the share of female labour in the manufacturing sectors: the results of regression analyses undertaken for the study of the impact of the trade regime adopted by 15 Asian countries show that a 1 per cent increase in exports as a share of GNP is associated with a 0.2 per cent increase in female non-agricultural employment. 46/ The exports of those developing countries that rely on export-promotion development strategies are best described as female-labour intensive, and the economic growth of those countries has been as much female led as export led.

57. Outward orientation in development has enabled many developing countries to make better use of their resources as they have opened their economies to international competition and brought their production structures into line with

comparative advantage. The female labour force has been an underutilized and undervalued resource that could be employed at a lower cost than male labour. Gender-based wage differentials have reinforced the viability of labour-intensive manufacturing exports to economies where labour costs are higher, thus enabling the economies that pursue export promotion to grow faster. The questions whether women have been able to benefit from the expansion of trade, other than in terms of greater access to paid employment and whether the benefits are of a long-term nature have been widely debated in the literature, and the conclusions reached have not been entirely optimistic.

58. One argument frequently made in the context of this debate is that opportunities to earn independent incomes tend to strengthen women's decision-making power in the household and that this positively affects the treatment of girl-children in the household and helps to break up the intragenerational perpetuation of the feminization of poverty. Thus, export production serves women's interests to the extent that it contributes to an increase in the supply of employment opportunities open to women. From the perspective of promoting egalitarian gender relations, trade-related gains in employment have not led to any improvement in the quality of female jobs. Most remain poorly paid, and gender-related wage differentials have persisted. 47/ In terms of the occupational and sectoral distribution of female employment, there has been a notable increase in the employment of women in trade-related services, where their prospects for higher remuneration are better.

59. With regard to the future of female employment in export-oriented industries in the economies where development in the past two decades has been driven by export expansion, the need for technological upgrading translates into the need for skills acquisition and better education and training for female workers. Failing this, the benefits thus far accruing to women from export-led development will simply vanish with growth. Recent evidence suggests that the share of female labour in export-oriented industries is declining as skill requirements shift with shifts in comparative advantage. This, together with evidence of poor access for women to retraining, indicates that the gains to women's employment from the expansion of export-oriented industries may have been short-lived.

60. Despite the prediction that expanding international trade, based on comparative advantage, must inevitably result in winners and losers, the anticipated negative effects of competition from developing countries on female employment in the industrialized countries have not materialized, as least as far as aggregate employment is concerned. The expansion of international trade seems, on the contrary, to have created better business opportunities for women entrepreneurs in developed economies. Business surveys in the United States, for example, show that women-owned businesses have a somewhat higher propensity to export and import than other businesses. A 1992 survey found that the proportion of exporters among women-owned small businesses was higher than among small businesses in general. The most recent Census Department figures show that 7.5 per cent of surveyed women-owned businesses report some share of revenues from exports, compared to 6.1 per cent of male-owned businesses. Some 22 per cent of members of the National Association of Women Business Owners said that they were considering becoming involved in international trade. 48/

61. Analysis of women-owned businesses involved in international trade shows that women may have an affinity for exporting owing to their different management style and greater attention to building long-term business relationships. A more pragmatic explanation would be that women's businesses are often founded during downturn periods of slow domestic growth, a situation that prompts business owners to look abroad for better business opportunities. 49/

V. GENDER IN ECONOMIC POLICY: SOME EXAMPLES

62. Micro-economic theory, dominated by the marginalist paradigm and the equilibrium perspective, makes only passing reference to the economic topics of special importance to women. Even less attention is devoted to such issues at the macro level; gender-specific differences when shown in macroeconomic data receive no macroeconomic explanation. The models used in discussing the economics of the household and gender-related issues are based on assumptions that often harbour male biases. An example of this is the basic premise of the neoclassical approach, the idea of the individual as characterized by the well-defined preference function, which is not compatible with gender differentiation of economic agents because women often lack control over productive assets and autonomy in decision-making. 50/ Policy advice formulated on the basis of these models is couched in gender-neutral terms but often leads to gender-specific results that escape the attention of economic policy makers for lack of the methodological and statistical tools for addressing them. The result is that, at present, gender issues in economic theory and policy-making are "hidden by the invisible hand". 51/

63. Gender inequalities in access to and participation in markets cause markets to fail to allocate resources efficiently. Factor markets are particularly important, since their inefficiency can inhibit growth and/or worsen income distribution. Gender discrimination in these markets leads to a sub-optimal allocation of resources that entails long-term social opportunity costs, thus providing a rationale for subsidizing innovative credit schemes, designed to provide credit to low-income producers and entrepreneurs. The relative immobility of the female labour force in response to market signals obstructs allocative efficiency in the labour market, and there are social opportunity costs in the loss of efficiency and misallocation of resources resulting from female labour being "locked up" in non-market work. On the other hand, there are positive externalities to female non-market work that can be viewed in terms of the production of a public good and that therefore present a case for public-policy intervention.

64. Mainstream economists paid little attention to the household until the last 20 years or so. Thus far, household behaviour has usually been modelled in economic theory on the behaviour of individual economic agents: in macroeconomic analysis the household is considered in terms of providing factor inputs, savings and consumption, and micro-economic analysis considers primarily its consumption role. Such constructs of micro-economic theory as "comparative advantage", "utility maximization" and "preference functions" are applied to the household in the same way as they are applied to the individual economic agent. The household is treated as a unit that maximizes the joint utility function of

its members. Despite the analytical shortcomings of the aggregation of individual family members into a joint utility function, the micro-economic model of the household claims that it behaves as if it were a single entity maximizing joint utility and welfare. Gender neutrality is in this case assumed to be inconsequential and benevolent.

65. The conceptual framework underlying economic analysis and much development policy-making relies on the representation of the household as an altruistic collectivity where all available resources are pooled and distributed efficiently among its members, taking equally into account the welfare of each member. Despite the fact that this model does not justify the treatment of the household as a unity (see box) and, as a remedy to that, simply assumes that altruism prevails in the family, it has been widely used to analyse and shape a range of development policies and projects.

66. If equality of outcome entails equality of access to resources, there are strong gender arguments for directing transfers to women as individuals in order to avoid leakages at the household level. It has been rightly argued that education, health care, credit and food are not "household public goods"; 52/ they are individual goods that are rival and exclusive in consumption. Research shows that failure to account for gender-based asymmetries in the intrahousehold allocation of resources weakens development projects. Policies directed at raising the productivity of the agricultural sector or developing entrepreneurship do not achieve the desired results unless they take into account the fact that within a single household separate economic accounting units exist and the pattern of the exchange of labour and distribution of resources among them reflects the differences in the bargaining power of its members, which in turn depends on their entitlement. Women, however, are usually considered to be entitled to less and, as a result, their bargaining power is weaker. In this respect, the cooperative conflict model is a better tool for development policy-making, because it provides a rationale for an intrahousehold approach to policy formulation. Currently, however, the cooperative conflict model, although widely discussed in the literature on human development and the structuralist perspective on macroeconomic policy-making, remains more of a dissent against the neoclassical unitary approach than an active tool of development planning.

THE HOUSEHOLD MODELS IN ECONOMIC THEORY

1. New household economics: the joint welfare maximization model

The model extends the micro-economic framework of maximization behaviour to the analysis of the household. To deal with the problem of the aggregation of individual preferences into a joint welfare function, the model deploys an assumption that "since blood is thicker than water ... preferences of different members [of the household] are interrelated by a 'social welfare function' which takes into account the deservingness or ethical worth of the consumption levels of each of the members. The family acts as if it were maximizing their joint welfare function". a/ The model also assumes maximizing behaviour, stable preferences and equilibrium in implicit or explicit markets to provide a systematic analysis of the household. The problems which might cause maximization failure, such as utility comparisons and joint utility maximization, are addressed by assuming implicit markets and altruistic behaviour of the household head. b/

2. New institutional economics: implicit contracts and household bargaining model - cooperative conflict model c/

The new institutional economics focuses on the evolution of social institutions that create the context in which individual decisions are made. It views the household as an institutional mode of production and exchange. The household is seen as an institutional response to basic needs based on long-term constructs between individuals related by birth or marriage. Decision-making within the household reflects contractual rights and obligations, as well as economic incentives. Institutional economics rejects the assumption of altruism, postulating differences in terms of domestic trade that are the function of the relative bargaining power of participants. Deploying the bargaining format of the institutional economics, the cooperative conflict model addresses issues of gender and power within the household. This model assumes that members of the household cooperate as long as the outcomes of their cooperation are preferable to those without cooperation. In this assumption, it departs from utility maximization by positing that individuals in the household do not bargain solely on the grounds of their self-interest, i.e., "utility". Instead, their bargaining strategies depend on perceived notions of what they are entitled to. Entitlement depends on perceived contributions, and because women's contribution is largely "invisible", no matter how much time or energy they expect, they are considered to be entitled to less.

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a/ P. Samuelson, "Social indifference curves", Quarterly Journal of Economics, vol. LXX, No. 1 (1956), p. 10.

b/ G. Becker, A Treatise on the Family (Cambridge, Mass., Harvard University Press, 1991).

c/ A. K. Sen, "Gender and cooperative conflicts", in I. Tinker, ed., Persistent Inequalities (Oxford, Oxford University Press, 1990), pp. 123-149.

67. Economic growth, inflation and monetary and fiscal policies may each have a differential impact on women. Yet in its discussion of aggregates, macroeconomics entirely omits gender issues. This inadequacy of macroeconomics stems from the neglect of one whole area of production; the unpaid production of human resources. The work carried out by women in reproduction and the maintenance of human resources is excluded from national accounts, and the link between the paid and the unpaid economy is therefore lost. This has important practical consequences. When macroeconomic policies are formulated, the gender dimension of the consequences of changes in market signals and of the reallocation of resources is lost. Implicit in this approach is that women's ability to compensate at the household level for the decline in output and for changes in the composition and level of aggregate demand is treated as infinitely elastic, obscuring the impact of macroeconomic policy on the human resource base of economic activity. This in turn is likely to have a negative impact on international economic competitiveness, balance of payments and economic growth, as the shortfall in human skills resulting from the adverse impact of macroeconomic policy remains unaccounted for and unplanned for in terms of appropriate supportive measures and resources, thus rendering the policy unsustainable.

68. Repressed financial markets and credit rationing favour capital intensity and may perpetuate discrimination. Small enterprises, including the bulk of businesses owned by women, are forced to seek credit in the informal market where they are obliged to pay interest rates several times higher than in the formal financial sector. To the extent that financial repression discourages the development of small-scale production, it hurts the economic participation of women. Regulated credit hurts women indirectly by interfering with the efficient allocation of resources and inhibiting economic growth.

69. Policies of trade liberalization and external openness, together with supporting macroeconomic policies involving exchange-rate management and the maintenance of international competitiveness, have been shown to be beneficial for women in terms of improving their economic position and their bargaining power in the family. The loss of competitiveness and real exchange-rate appreciation, on the other hand, tend to affect women to a greater extent than men because employers still feel free to discriminate against them.

70. The link between taxation policies and employment, structural change and economic growth can be better understood if the gender aspects of taxation are addressed at the outset of policy-making. The main taxation issues that have a gender-specific impact are the unit of taxation, the progressiveness of taxation, the balance between direct and indirect taxation and the availability of tax rebates relating to dependency status and child care. The importance of these issues varies according to the level of economic development: while to women in the industrialized economies personal taxation issues are of greater importance, in developing countries, where women's income is often below the taxable threshold, it is the balance between direct and indirect taxation, sectoral taxation policies and the progressiveness of the tax schedule that are relevant to women's employment and access to productive resources.

71. More progressive personal taxation schedules, the choice of joint or individual income as the unit of taxation and reduced reliance on regressive

taxation will all tend to be to the advantage of women and will provide incentives for women to seek paid employment. Provision for tax rebates for such expenses as child care is also desirable in order to encourage high participation rates. Taxation that penalizes exports and the agricultural sector tends to worsen the economic position of women.

VI. CONCLUSIONS: STRATEGIES FOR INCREASING THE PARTICIPATION OF WOMEN IN ECONOMIC DEVELOPMENT

72. Economic policies and development strategies affect women everywhere, often to a greater extent than men. Some have the potential to liberate women's skills and contributions while others intensify the conditions which prevent that from happening. Cross-country analyses of access by women to productive employment and entrepreneurship show that a growth strategy of protection and capital intensity has been inimical to promoting gender equality in access to markets. It also shows that macroeconomic policies deployed to address allocative distortions have often worsened women's position relative to men. It is important, however, to keep in perspective that the "negative impact" on women of structural adjustment policies has been due first of all to the rigidity of their socially ascribed roles and their limited access to productive resources, which were already in existence prior to the introduction of economic reform. Another reason why economic policies sometimes lead to gender-asymmetric outcomes is that gender remains outside the context of their formulation. Here, the issue is not limited to the gender-inequitable outcomes of macroeconomic policies: it is the efficiency and sustainability of those policies that is at stake if gender remains outside the subject-matter of macroeconomic development planning.

73. Strategies for the integration of women in development in the 1990s have to be focused on introducing gender awareness into every step of macroeconomic policy-making and development planning. Forging the link between macroeconomic policy instruments and the ultimate goal of development - poverty alleviation - requires the explicit articulation of the gender dimension of all economic activity in both the theory and application of macroeconomic development. Gender analysis should be an integral part of the design of policies and programmes aimed at promoting economic growth, stability and the alleviation of poverty.

74. Taking gender into account in development policies will require a modification of the underlying assumptions about development. Such a modification would entail combining efficiency and equity factors in the conceptualization and implementation of development policies. The elimination of gender-based distortion in the allocation of resources should be seen as complementary to efficiency, rather than in opposition to it. Furthermore, if equity in outcomes of the development process in terms of gender entails equality of opportunity, then it should be approached on the basis of the recognition of similarities rather than differences between women and men. For example, an extra cost of maternity leave and child care to employers of women should not function as a tax on female employment.

75. A central conclusion of the present analysis is that all economic policy questions, at the national or international level, need to be subject to examination in terms of their gender dimensions. Careful attention to this procedure can help ensure that the effective mobilization of women for development is a central part of development policies, planning and programmes. A possible future step would be to begin to develop theoretical and econometric models that could begin to factor in gender issues and thereby help refine economic policy decisions.

Notes

1/ United Nations publication, Sales No. E.95.IV.1.

2/ See, for example, the reports of the Secretary-General on the negative effects of the international economic situation on the improvement of the status of women (E/CN.6/1990/3); the integration of women in the process of development (E/CN.6/1992/8); and women in extreme poverty: integration of women's concerns in national development planning (E/CN.6/1993/3).

3/ See Commonwealth Secretariat, "Engendering adjustment for the 1990s"; report of a Commonwealth expert group on women and structural adjustment (1989); and "Women's economic potential to overcome poverty"; advance report of the findings and recommendations of the International Round Table on Women's Economic Potential to Overcome Poverty, Bonn/königswinter, 27-30 November 1994.

4/ Diane Elson, "Gender issues in development strategies"; paper prepared for the United Nations seminar on the Integration of Women in Development, Vienna, 9-11 December 1991).

5/ The two-stage "gender planning" model developed by Moser distinguishes, from both a policy and an operational viewpoint, between the practical or present interests of women (current inadequacies in the living and working conditions of women, for example) and strategic needs which target more egalitarian gender relations, either by reducing the basis of women's economic disadvantage or by modifying the gender division of labour so that it does not constrict women's income earning potential (C. Moser, Gender Planning and Development: Theory, Practice and Training (New York, Routhledge, 1993)).

6/ Rosi Braidotti and others, Women, the Environment and Sustainable Development: Towards a Theoretical Synthesis (London, Zed Books, 1994), p. 82.

7/ Susan Bullock, Women and Work (London, Zed Books, 1994), p. 30.

8/ World Labour Report, 1994 (Geneva, International Labour Office, 1994).

9/ United Nations Population Fund, National Perspectives on Population and Development: synthesis of 168 national reports prepared for the International Conference on Population and Development, 1994, p. 30.

10/ See Shirley Nuss and others, "Women in the world of work: statistical analysis and projections to the year 2000", Women, Work and Development, No. 18 (Geneva, International Labour Office, 1989).

11/ Economic Commission for Europe, "Regional review and appraisal of the Nairobi Forward-looking Strategies: report by the secretariat" (E/ECE/RW/HLM/1), 15 August 1994.

12/ The Economist, 5 March 1994.

13/ International Institute of Labour Studies, "Women workers in a changing global environment: framework for discussion"; paper prepared for the International Forum on Equality for Women in the World of Work: Challenges for the Future, Geneva, 1-3 June 1994.

14/ See P. Collier, "Women in development: defining the issues", Policy, Planning and Research Working Paper (World Bank, 1988).

15/ Ibid.

16/ The World's Women, 1995: Trends and Statistics (United Nations publication, Sales No. E.95.XVII.2), p. 113.

17/ See Economic Commission for Europe, "Women's access to employment and entrepreneurship" (E/ECE/RW/HLM/4), 1994.

18/ Occupations that are likely to generate most of the new jobs in the period 1990-2005 are: salespersons (retail); registered nurses; cashiers; general office clerks; truck drivers; general managers and top executives; janitors and cleaners, including maids and housekeepers; nursing aides, orderlies and attendants; food counter and related workers; waiters and waitresses; teachers (elementary and secondary school); receptionists and information clerks; system analysis and computer scientists; food preparation workers; child-care workers; gardeners/groundskeepers; accountants and auditors; computer programmers; and guards; of these, 13 occupations are on the list of occupations with a very high concentration of women (see The World's Women, 1995, and Economic Commission for Europe, E/ECE/RW/HLM/1 and 2, 1994).

19/ The Economist, 23 August 1986, p. 13.

20/ S. Washington, "Women at work", OECD Observer, No. 176 (1992).

21/ National Association for Female Executives, Women in the American Workforce and Power Structure: A Contemporary Snapshot (June 1993).

22/ X-inefficiency is the notion that individual firms - and economies as a whole - are more likely to operate inside the frontiers of their production possibilities than on them, because producers do not exert sufficient effort at all times to maximize output and there is a gap between actual and minimum attainable supply costs. The concept suggests that the costs of increasing output are zero and that therefore output can be raised, when X-inefficiency exists, without corresponding increases in factor input.

23/ Angus Maddison, Phases of Capitalist Development (New York, Oxford University Press, 1982).

24/ There is no consensus in the literature on a definition of microenterprises, which is typically a function of the number of persons employed in the business. The Georgia Institute of Technology has found 50 different definitions used in 75 countries (World Bank, "Employment and development of small enterprises", Sector Policy Paper, (Washington, D.C., 1987)). Definitions may be based on capital invested, or the number of employees, or other criteria. According to ILO, small enterprises include "... modern industrial firms of up to 50 employees, family units of three or four people, village industries, associations, companies, cooperatives, owner-operators, mini-firms and the self-employed in the non-structured sector of the economy". While there is no lower limit to the size of a "small enterprise", fixing an upper limit usually depends on the interests of the person or body concerned and on the particular economic sector where the definition is to be used. From the managerial perspective, a small enterprise may be described as one where operational and administrative decisions are made by one or two people, but definitions vary when small enterprises are considered from the perspective of financiers, labour officers, traders, services personnel or manufactures. In the World Bank sector policy paper on small enterprises it is suggested that the upper limit of $250,000 for fixed assets should be used to classify an enterprise as "small", but no lower limit is set. Whatever the definitions used and despite the diversity in terminology (small enterprises, small and medium-scale enterprises, microenterprises, mini-firms, etc.), it seems to be a fact that women's enterprises are generally among the very smallest in the sector.

25/ UNCTAD secretariat, "Women as entrepreneurs and decision makers in the least developed countries"; paper prepared for the Expert Group Meeting on Women and Economic Decision-Making, New York, 7-11 November 1994.

26/ M. Baydas, "Discrimination against women in formal credit markets: reality or rhetoric?", World Development, vol. 22, No. 7 (1994), p. 1075.

27/ S. Joekes and A. Weston, Women and the New Trade Agenda (United Nations Development Fund for Women (UNIFEM), 1994), p. 67.

28/ M. Berger, "Giving women credit: the strengths and limitations of credit as a tool for alleviating poverty", World Development, vol. 17, No. 7 (July 1989), p. 1021.

29/ S. Joekes and A. Weston, op. cit., p. 66.

30/ C. Grown and J. Sebstad, "Introduction: towards a wider perspective on women's employment", World Development, vol. 17, No. 7 (July 1989), p. 937.

31/ Women in a Changing Global Economy: 1994 World Survey on the Role of Women in Development (United Nations publication, Sales No. E.95.IV.1), p. 85.

32/ National report of Kenya, 1994.

33/ M. Berger, loc. cit., pp. 1019-1020.

34/ UNCTAD Expert Group Meeting on Women in Development in the Least Developed Countries, held at Niamey on 24 January 1995.

35/ National report of Ghana, 1994.

36/ M. Baydas, loc. cit., p. 1074.

37/ D. Adams and J. von Pischke, "Microenterprise credit programs: déjà vu", World Development, vol. 20, No. 10 (1992).

38/ National report of Ghana, 1994.

39/ C. Gladwin, ed., Structural Adjustment and African Women Farmers (Gainesville, University of Florida Press, 1991).

40/ M. Baydas, loc. cit.

41/ P. Collier, op. cit.

42/ National report of Namibia, 1994.

43/ W. A. Lewis, The Theory of Economic Growth (London, Allen and Unwin (1955). Cited in D. Elson, "Gender issues in development strategies"; paper prepared for the seminar on integration of women in development, Vienna, 9-11 December 1991.

44/ D. Elson, "Gender-aware analysis and development economics", Journal of International Development, vol. 5, No. 2 (1993), pp. 237-247.

45/ C. Blackden and E. Morris-Hughes, Paradigm Postponed: Gender and Economic Adjustment in Sub-Saharan Africa. Human Resources and Poverty Division, Technical Note No. 13 (World Bank, August 1993), p. 8.

46/ F. Perkins, "Are women benefiting from economic development?"), IPA Review, vol. 46, No. 4 (1994), pp. 45-49.

47/ S. Joekes and A. Weston, op. cit., p. 59.

48/ B. Norton, "Why women's businesses are getting ahead in exporting", Working Woman, vol. 19, No. 7 (July 1994).

49/ Ibid.

50/ D. Elson, loc. cit., p. 240.

51/ S. Feiner and B. Roberts, "Hidden by the invisible hand: neoclassical economic theory and textbook treatment of race and gender", Gender and Society, vol. 4, No. 2 (June 1990), p. 181.

52/ I. Palmer, "Social and gender issues in macroeconomic policy advice"; paper presented at the International Round Table on Women's Economic Potential to Overcome Poverty, Bonn/Königswinter, 27-30 November 1994.